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Policies and Procedures

Title: Use of the Commercial Purchase Card

Number: 213.3

Date: 2/21/95

Originating Office: Procurement and Property Division
Policy Branch

This Replaces:

Distribution: Headquarters, Areas, Locations

This Directive sets forth ARS policy, responsibilities, and procedures governing the use of commercial purchase cards in support of Agency small purchasing requirements within specified dollar limitations.

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1. Reference

FAR Part 13, AGAR Part 413, ARS Field Acquisition Manual Section 7B, DR 5013-2, and I.M.P.A.C. Instructions.

2. Summary

The U.S. Government Commercial Credit Card Program is facilitated by a GSA Federal Supply Schedule contract established for the purpose of providing commercial purchase card services to Government agencies. The Department of Agriculture has issued a delivery order against the GSA contract that includes all USDA agencies.

The provisions and restrictions of this DIRECTIVE are based on the requirements of the GSA contract, DR 5013-2, and set forth ARS policy, responsibilities, and procedures governing the use of commercial purchase cards in support of Agency small purchasing requirements within specified dollar limitations.

This DIRECTIVE supplements DR 5013-2 and must be read together to be in full compliance with ARS and USDA policy.

3. Abbreviations

- AAPC - Area Agency Program Coordinator
- AFM - Administrative and Financial Management
- AAO - Area Administrative Officer
- AHR - Agency Headquarters Representative
- AGAR - Agriculture Acquisition Regulation
- BOC - Billing Office Contact
- CPOB - Contracts and Purchasing Operations Branch
- DOC - Dispute Office Contact
- DPA - Delegation of Procurement Authority
- DR - Departmental Regulation
- FAR - Federal Acquisition Regulation
- GSA - General Services Administration
- HCA - Head of the Contracting Activity
- I.M.P.A.C. - International Merchant Purchase Authorization Card
- LAO - Location Administrative Officer
- LAT - Location Administrative Technician

- MU - Management Unit
- NFC - National Finance Center
- PAO - Procurement/Assistance Officer
- PPD - Procurement and Property Division
- U.S.C. - United States Code
- USDA - U.S. Department of Agriculture

4. Forms

- AD-700 - Procurement Request
- AD-757 - Miscellaneous Payments Section

5. Definitions

Accountable Property. A nonexpendable item of personal property that is an end item within itself with an expected service life of 1 year or more, and has an original acquisition cost of \$1,000 or more.

ARS Credit Card Video. A 60-minute video designed by ARS that provides an overview of the commercial purchase card program, i.e, how a commercial purchase card works for the government, the flow of a transaction, the controls and methods of monitoring Cardholder activity and use of the card as well as Agency responsibilities.

ARS Small Purchase Self-Study Course. A self-paced, self-examination study course on the basic principles, policies, and procedures of small purchasing and commercial purchase card use designed to assist prospective Cardholders in carrying out their duties and responsibilities when purchasing supplies and services with the commercial purchase card.

Bank Contractor. A commercial financial institution with which the government has contracted to provide commercial purchase cards and related support services.

Commercial Purchase Card. A credit instrument issued by a commercial financial institution to a government employee bearing the employee's name to facilitate the acquisition and payment of supplies and services within specified dollar limitations.

Certifying Officer. The Unit Certifying Officer who has been assigned the responsibility to certify payment for commercial purchase card purchases.

Fundholder. The person for which the financial accountability and the effective management and use

of assigned program funds and other resources rest with as evidenced on the annual operating plan(s).

Micro-purchase. An acquisition of supplies or services (except construction), the aggregate amount of which does not exceed \$2,500. Micro-purchases for construction are limited to \$2,000.

Small Business Concern. A business concern that is independently owned and operated and does not exercise a controlling or major influence on a national basis in a kind of business activity in which a number of business concerns are primarily engaged.

Simplified Acquisition Threshold. An acquisition of supplies, nonpersonal services, and construction in an amount not to exceed \$100,000.

Statement of Account. A monthly statement issued by the bank contractor to each Cardholder, Approving Official, and BOC at the end of the monthly billing cycle that lists the transactions against the commercial purchase card. The statement issued to the BOC is the billing invoice for payment.

6. Authorities

- GSA Governmentwide Commercial Credit Card Services Contract Guide, GS-23F-94031 (April 1994)
- Treasury Financial Manual, Volume 1, Chapter 4, Section 4500
- Federal Acquisition Streamlining Act of 1994 (Public Law 103-355)

7. Policy

It is ARS policy that:

- Commercial purchase cards shall be used for official purposes only.
- Fundholders will name the employees in writing to be cardholders. Also, fundholders, in consultation with other management unit personnel, will designate approving official.
- Only ARS permanent employees shall be issued commercial purchase cards.
- Commercial purchase cards shall be issued only when the prospective Cardholder has completed required training and has been issued written delegation of procurement authority in accordance with the requirements of this DIRECTIVE and the Departmental Regulation.
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- Commercial purchase card transactions shall be reconciled by the appropriate personnel in accordance with the requirements of this DIRECTIVE and the Departmental Regulation.

8. Delegation of Procurement Authority

The Head Contracting Activity (HCA) has overall responsibility for issuing DPA's for the commercial purchase card program to nonprocurement personnel. This delegation authorizes the individual Cardholder to make purchases. The DPA will specify spending and usage limitations unique to that Cardholder. This authority is to be requested by the AAPC when all aspects of the training have been completed by the Cardholder. Submit written requests to PPD, Greenbelt, Maryland, using the application format in Exhibit 1. Warranted contracting officers are eligible to receive commercial purchase cards as soon as these individuals have completed the training specified in Section 11.

9. Responsibilities

Agency Headquarters Representative (AHR)

The AHR position is located in the PPD, in Greenbelt, Maryland, and shall have the following responsibilities:

- Administers the commercial purchase card program within ARS.
- Coordinates the implementation of the program within the Agency through the Department's COTR, the bank contractor, GSA, and the AAPC.
- Serves as the focal point for program policy and procedural development and any major problems in program operation.
- Coordinates the issuance of delegated procurement authority for prospective Cardholders.

Area Agency Program Coordinator (AAPC)

The AAPC will be designated by the AAO for the Area. For Headquarters, the AAPC will be located in CPOB and designated by the Chief of CPOB. The AAPC has the following responsibilities:

- Responsible for the day-to-day operations of the commercial purchase card program within their respective Area.
- Ensures that the commercial purchase card program functions in accordance with the

requirements of this DIRECTIVE and the Departmental Regulation.

- Consult with the appropriate Location/Area/ management personnel to identify the Approving Official to the bank contractor.
- Works with the Cardholders, Approving Officials, the bank contractor, and the AHR in implementing and maintaining the program.
- Maintains all forms and documents pertaining to the establishment and maintenance of Cardholder and Approving Official accounts.
- Receives and processes requests for commercial purchase cards.
- Ensures that prospective Cardholders complete appropriate training requirements in small purchasing and commercial purchase card procedures. Upon completion of the ARS Small Purchase Self-Study course evaluation, the course booklet should be returned to the Cardholder for future reference.
- Establishes monthly Cardholder limit in consultation with the fundholder and appropriate MU.
- Prepares written requests for HCA delegation of procurement authority for each prospective Cardholder.
- Processes and signs all documents requiring submission to the bank contractor.
- Approves and processes requests, on a case-by-case basis, Cardholder's authorization for certain restricted transactions.
- Coordinates and establishes internal quality control procedures as may be required.
- Ensures that employees are appropriately designated to perform certifying officer duties.

Approving Official

The Approving Official shall:

- Have authority over the Cardholder(s) and serve as a liaison between the Cardholder(s) and AAPC.
- Review and approve all assigned Cardholder's monthly statements of account to ensure that

commercial purchase card purchases are in support of official program requirements.

NOTE: There may be several Cardholders assigned to one Approving Official. If the Approving Official is also a Cardholder, he/she **cannot** approve his/her own transactions. The Approving Official generally should be at least one level higher than the Cardholder, however, exceptions are permitted. For example, an Approving Official could be but is not limited to the following positions: LAO, research leader, PAO, Contracting Officer, lead purchasing agent, etc. An individual should not be an Approving Official for his/her supervisor.

- Ensure that Cardholders reconcile monthly statements of account in accordance with the requirements of this DIRECTIVE and Departmental Regulation.
- Complete the Approving Official's monthly statement in accordance with this DIRECTIVE and Departmental Regulation.
- Ensure that reassigned and/or departing Cardholders surrender their commercial purchase cards in accordance with the requirements of this DIRECTIVE and Departmental Regulation.
- Establish and maintain files of Approving Official reports provided by the bank contractor.
- Maintain complete files of all commercial purchase card records/documents in a secure location (safe or locked security cabinet).

Cardholder

The Cardholder has the following responsibilities:

- Responsible for all purchases made with his/her commercial purchase card.
- Ensures that purchases are within their delegated procurement authority and in accordance with all requirements of this DIRECTIVE, Departmental Regulation, FAR, AGAR, and other laws and regulations governing small purchases.
- Maintains the commercial purchase card in a secure and safe location to prevent its unauthorized use.
- Documents and reconciles all commercial purchase card transactions in accordance with the requirements of this DIRECTIVE and Departmental Regulation.
- Initiates corrective action with merchants to resolve billing errors and/or disputes.

- Informs the Approving Official of unresolved billing errors/disputes and completes appropriate documentation.
- Establishes and maintains files of all commercial purchase card transactions pending reconciliation.
- Determine whether the items are available from required sources.

Billing Office Contact (BOC)

The BOC has the following responsibilities:

- Prepares the AD-757 MISCPAY document in accordance with the guidelines set forth in Financial Management Manual Section 2720.
- Reviews and reconciles monthly statements in accordance with this DIRECTIVE and Departmental Regulation.
- Ensures that MISCPAY document(s) are certified by the Certifying Officer(s).

Dispute Office Contact (DOC)

- For the purposes of this program the AAPC is also the DOC with the following responsibilities:
- Provides assistance to the Cardholder and Approving Official in resolving disputes.
- Coordinates, processes, and monitors all disputed purchases, credits, or billing errors as reported by the Cardholder/Approving Official.

10. Procurement Integrity

Cardholders shall be considered a "procurement official" as defined by the Office of Federal Procurement Policy Act (41 U.S.C. 423) when the aggregate amount of purchases are likely to be greater than \$20,000 within a fiscal year. A procurement integrity certificate must be signed and forwarded to PPD, Greenbelt, Maryland.

11. Training Requirements

The AAPC shall have responsibility for ensuring that all prospective Cardholders, Approving Officials, and BOC's are trained in procedures for properly using the commercial purchase card and complete the ARS Small Purchase Self-Study Course prior to the issuance of a DPA.

Training requirements for **Cardholders** are as follows:

Procurement Personnel. Warranted Contracting Officers having completed 40 hours of the small purchase training only need to review the Departmental Regulation, this DIRECTIVE, Cardholder Instructions for the Use of the Governmentwide Credit Card, and view the ARS Credit Card Video.

Non-procurement Personnel. All other proposed Cardholders and Approving Officials must review the Departmental Regulation, this DIRECTIVE, Cardholder Instructions for the Use of the Governmentwide Credit Card, view the ARS Credit Card Video, and complete the ARS Small Purchase Self-Study Course.

Training requirements for **Approving Officials** are as follows:

- View the ARS Credit Card Video
- Review the following:
 - Departmental Regulation 5013-2
 - ARS Directive on Use of Commercial Purchase Card
 - Approving Official Instructions for the Use of the Governmentwide Credit Card
- Complete the ARS Small Purchase Self-Study Course (for individuals who are not warranted contracting officers)

Training requirements for the **BOC** are as follows:

- View the ARS Credit Card Video and the Billing Office Contact Training Video (Rocky Mountain Bankcard System)
- Review the following:
 - Departmental Regulation 5013-2
 - ARS Directive on Use of Commercial Purchase Card
 - Designated Billing Office Guide for Use of the Governmentwide Commercial Credit Card

12. Program Implementation

Each office must be identified with the bank contractor in order to participate in the commercial purchase card program. A Primary Contact Reference Form and a signature card is used for this purpose. The Primary Contact Reference Form (Exhibit 2) and signature card will be completed by the AAPC and forwarded to the bank contractor for processing. These forms identify the individuals in each office that are responsible for various aspects of the commercial purchase card program. The individuals listed on the Primary Contact Reference Form must sign their names on the appropriate lines on the signature card. An alternate for each office shall be selected at this time and shall also sign the signature card. Forward a copy of the Primary Contact Reference Form to the AHR.

13. Restrictions

Merchant Activity Code. The merchant activity type code restricts the types of merchants from which purchases can be made. Due to the wide variety of supplies and services acquired in support of ARS' research programs, merchant activity type code 00, which designates all types of merchants, has been authorized.

Cardholders are restricted from using the commercial purchase card for those types of items identified in Section 13, Unauthorized Use of the Card.

Government Travel Card. The commercial purchase card **shall not be used in lieu** of the American Express Travel Card.

Purchase Limits. Only individuals in the 1102/1105 procurement series can utilize the commercial purchase card up to their delegated contracting authority.

14. Using The Commercial Purchase Card

Recordkeeping. Commercial purchase card purchases do not relieve the activity of its responsibility for keeping obligations and expenditures within available funds. The documentation should cite the accounting and appropriation data (budget object class and accounting code) for each purchase. When a commercial purchase card order is placed by a purchasing agent, the transaction must be supported by an AD-700.

Accountable Property. When accountable property is purchased, procurement personnel shall forward a copy of the AD-700 to the appropriate property office. Upon notification of receipt of property, the property officer shall enter the information in the Property Management Information

System.

Unauthorized Use of the Card. In addition to the items listed in the Departmental Regulation, the commercial purchase card shall not be used in lieu of the SF-149 Gasoline Credit Card or the American Express Travel Card. The purchase of meals or lodging at hotels/motels for other than group meetings is not acceptable. The commercial purchase card may not be used to pay invoices originating from a purchase made using another acquisition technique.

Telephone Orders. All Cardholders are authorized to place orders by telephone. All items purchased by telephone must be delivered by the merchant within 30 days. The order shall not be placed without this assurance.

When placing a telephone order, the Cardholder shall:

- Inform the merchant that the purchase is tax exempt.
- Provide the commercial purchase card number with instructions to charge the purchase only to that specific number.
- Instruct the merchant to charge the commercial purchase card when shipment is made, **not to make partial shipments, and advise that payment may not be authorized until the complete shipment is received.**
- Instruct the merchant to include the following information on the shipping label for identification:
 - Cardholder's name;
 - Shipping address, including building and room number;
 - Cardholder's telephone number; and
 - The term "Commercial purchase card."

Proof of Purchase Documentation. Any time a purchase is made with the commercial purchase card, a form of documentation must be retained as proof of purchase. These documents will later be used to verify Cardholder purchases and shall be attached to the monthly statement of account.

Commercial purchase card orders must be recorded on a log (Exhibit 3) which includes the following categories:

- Date ordered
- Name and address of supplier
- Size of business
- Description of supplies or services
- Quantity

- Unit of issue
- Unit of price
- Total price
- Date delivered

These logs may be modified to meet individual office requirements but must include the categories listed. The log should be maintained in a manner that is consistent with the monthly commercial purchase card billing cycle to facilitate ease in reconciliation.

The order log, with shipping documents attached, shall be attached to the Cardholder's monthly statement of account.

If for some reason the Cardholder does not have documentation of a transaction to send with the monthly statement, the Cardholder shall attach an explanation that includes a description of the item, date of purchase, merchant's name, and why there is no supporting documentation.

All documents shall be retained by the Cardholder until the purchase is reconciled on the monthly statement of account.

- **Over-the-Counter Purchases.** When a purchase is made over-the-counter, the Cardholder is to record the purchase in the log and obtain a copy of the charge slip (make sure all carbons are destroyed) and the sales receipt, which will become the accountable document and shall be attached to the Cardholder's monthly statement of account.
- **Telephone Orders.** All commercial purchase card telephone orders must be recorded on the order log and any shipping documents associated with the order attached.

Utilization of the Commercial Purchase Card. Utilization of the governmentwide commercial purchase card is to be consistent with regulations established for mandatory sources of supply and small purchase procedures. The cards are offered as an additional small purchase tool and their use is subject to all small purchase provisions established in FAR Parts 8 and 13, including the requirements to obtain funding certification, adequate competition, and to provide accompanying documentation.

Misuse of the governmentwide commercial purchase card shall result in disciplinary action. A summary report of misuse and action taken shall be reported to the AHR quarterly (see Exhibit 4). Negative reports are not required.

The quarterly reports are required as follows:

Reporting Date	Period Covered
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January 31	October-December
April 30	January-March
July 31	April-June
October 31	July-September

15. Monthly Statements

Monthly Statements. The bank contractor will issue 3 monthly statements within 5 working days after the end of the 30-day billing cycle on the same day each month as follows:

- **Cardholder Monthly Account Statement.** This statement identifies all purchases, credits, and other transaction data that the Cardholder has made within the 30-day billing cycle. If no activity has occurred within the monthly billing cycle, no monthly statement of account will be generated for the Cardholder.
- **Approving Official Statement.** This statement provides a consolidated listing of all Cardholder charges within the 30-day billing cycle and includes individual copies of the Cardholder statement of account.
- **Billing Office Statement.** This statement provides a consolidated listing of all Approving Official accounts for which transactions have been made within the 30-day billing cycle. This statement is the billing invoice for payment.

16. Account Maintenance

Complete account maintenance forms (Exhibit 8) when changes, updates, or cancellations of accounts are necessary. Notify the AHR in writing to issue a DPA if there are changes in a name, single purchase limit, or monthly purchase limit of a Cardholder or Approving Official. Forward all other changes, updates, or cancellations directly to the bank.

17. Documentation And Payment

Documenting Questioned or Disputed Transactions

A Cardholder Statement of Questioned Item form, completed by the Cardholder, and a Notice of Invoice Adjustment form, completed by the BOC, must be submitted to the bank whenever a Cardholder questions or disputes a transaction on his/her monthly statement of account.

Payment. The MISCPAY system maintained at NFC will be utilized to pay the monthly commercial purchase card statement. Payment of the statement is subject to the Prompt Payment Act.

18. Procedures to Obtain a Commercial Purchase Card

AHR

- In consultation with AAPC's, identifies and establishes each office with bank by preparing Primary Reference Contact Form (Exhibit 2) and Signature Cards.

Fundholders

- Identifies, in writing to the AAPC, the names of the prospective Cardholder(s) and Approving Official(s) by:
 - Ensuring that the number of Cardholders being requested is consistent with the MU's purchasing requirements.
 - Reviewing the need and appropriateness of the number of Cardholders being requested.
 - Requiring that Approving Officials be familiar with Parts 8 and 13 of the FAR, the Departmental Regulation on the bank card program, and this DIRECTIVE.

AAPC

- Trains the identified prospective Cardholders and Approving Officials in accordance with this DIRECTIVE.

Prospective Cardholder

- Completes the commercial purchase card training in accordance with the requirements in Section J of this DIRECTIVE.

AAPC

- Submits request for DPA for Nonprocurement Personnel to the HCA after training has been completed. Follow Exhibit 1.

For warranted contracting officers, complete Cardholder and Approving Official Account Set Up Forms after completing the training. Mail these forms directly to the bank contractor.

AHR

- Coordinates the HCA's issuance of DPA's to the prospective Cardholders through AAPC.

AAPC

- Completes Cardholder and Approving Official Account Set Up forms after receipt of DPA for Cardholders. Forward account setups directly to the bank.

Cardholder

Upon receipt of the commercial purchase card, the Cardholder shall:

- Check the commercial purchase card for accuracy of information. If correct, sign for the card and return the receipt to the bank contractor.
- If the commercial purchase card information is not correct, the Cardholder shall notify the AAPC who will notify the bank contractor on all commercial purchase card errors.

19. Reconciliation Procedures

Cardholder

- **Within 3 working days** after receipt of the monthly statement of account, reconcile and verify the receipt of the purchase and the accuracy of information on the statement of account, and submit it to the Approving Official.
- Provide the Approving Official with the receipts for that month should travel or extended leave be scheduled at the time the statement is due.
- Provide a brief description of the item purchased, the appropriate accounting classification code, and the budget object class for each item listed on the monthly statement of account.
- Complete the Cardholder Statement of Questioned Item form (Exhibit 5) when appropriate.
- Sign the statement, attach all supporting documentation (i.e., commercial purchase card charge slips, logs, Cardholder Questioned Item form, etc.) and forward the statement to the Approving Official.

Approving Official

- Following the Cardholder's reconciliation, **but not more than 7 working days** after receipt of the monthly statement of account, review all Cardholder statements to ensure that there is no fraud, waste, or abuse associated with the Cardholder's use of the card, and that appropriate data has been added to the monthly statement of account.

NOTE: If for any reason, the Cardholder cannot reconcile his/her statement, the Approving Official shall perform reconciliation for the Cardholder.

- Reconcile and consolidate all Cardholder statements with the Approving Official's monthly statement, sign the statement, and attach to it all Cardholder statements.
- Forward the signed Approving Official statement and the Cardholder's statements to the appropriate BOC for final review and payment processing.

BOC

- Upon receipt, date and time stamp all BOC statements (billing invoice). This date will activate the clock for Cardholder and Approving Official reconciliation and certification of payment to NFC.
- Ensure that all Approving Official monthly statements have been received, accurately reconciled and approved. Affirm the validity and accuracy of the financial transactions which include the data from each Cardholder and Approving Official.
- **Within 15 working days** after receipt of the invoice, review and consolidate the Approving Official statements and prepare one AD-757 MISCPAY document (Exhibit 6). The MISCPAY document shall be certified and transmitted to NFC for payment.

Priority Mail:

Address: USDA, National Finance Center
Document Processing and Control Section
13800 Old Gentilly Road
New Orleans, LA 70129

Regular Mail:

Address: USDA, National Finance Center
Document Processing and Control Section
P.O. Box 60000
New Orleans, LA 70160

- Retain all Approving Official and Cardholder monthly statements of account (including all

attachments) in official files for review and audit purposes.

- Complete Notice of Invoice Adjustment form (Exhibit 7) whenever a Statement of Questioned Item form has been completed by the Cardholder. Forward completed form directly to the bank contractor.

Certifying Officer

- Review and verify that AD-757's are prepared accurately according to the NFC MISCPAY system requirements and Agency financial management instructions.
- Ensure that conclusive evidence exist to substantiate that items purchased were received and accepted before AD-757's are certified.
- Affirm that monthly statements of the cardholders, approving officials, and BOC's are reconciled and agree with the AD-757's completed for payment certification.
- Validate that monthly statement (invoice) reconciliation, voucher examination, payment certification, and internal control standards are met in regard to the performance of duties by the Cardholders, approving officials, and the BOC.

General Requirements:

- Appropriate separation of duties
- Payments permitted by law
- Required administrative authorization and approvals
- Payments supported by basic payment documents
- Funds are available for the proposed payment(s)
- Appropriate use of accounting codes and budget object classes, etc.
- Duplicate payment(s) prevention

JANE L. GILES
Deputy Administrator
Administrative and Financial Management

Exhibits

- 1 Sample letter - DPA request
- 2 Primary Contact Reference Form
- 3 Commercial Purchase Card Purchase Log
- 4 Quarterly Report of Misuse and Abuse
- 5 Cardholder Statement of Questioned Item
- 6 Notification of Invoice Adjustment
- 7 Miscellaneous Payments System
- 8 Account Maintenance Forms--Approving Official Cardholder